

Message Text

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ACTION OPIC-06

INFO OCT-01 AF-06 ISO-00 EB-07 ABF-01 TRSE-00 CIAE-00

INR-07 NSAE-00 OMB-01 COME-00 FRB-03 PA-01 PRS-01

USIA-06 CIEP-01 L-02 CEA-01 XMB-02 /046 W

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R 221402Z APR 75

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC 7093

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E.O. 11652: N/A

TAGS: EINV, DM

SUBJ: DELAYS IN CURRENCY CONVERSION

REF: STATE 067044

1. DESPITE DAHOMEAN GOVERNMENT'S ADOPTION OF MARXIST LENINISM, ITS WAR ON "CAPITALISM" AND ITS DISSATISFACTION WITH THE MANAGEMENT OF THE WEST AFRICAN MONETARY UNION, IT DOES NOT PRESENTLY PLACE SIGNIFICANT OBSTACLES IN THE WAY OF CONVERSION OF CURRENCIES. BASED ON INFORMAL SURVEY OF LOCAL BUSINESS COMMUNITY, THERE IS CURRENTLY LITTLE PROBLEM IN GETTING FUNDS EITHER CONVERTED OR TRANSFERRED OUT OF THE COUNTRY. THE PROCESS IS EVEN EASIER IF THE FIRM INVOLVED HAS AN EXPORT LICENSE FROM THE MINISTRY OF FINANCE (WHICH WOULD BE STANDARD PROCEDURE FOR ANY FUTURE AMERICAN INVESTOR HERE). FOR FIRMS WITH SUCH A LICENSE, APPROVAL FOR CONVERSION OF FUNDS IS AUTOMATIC, UP TO THE LIMIT SPECIFIED IN THE LICENSE. THE ONLY REAL DELAY, AS ONE BANKER NOTED, IS THE NORMAL BUREAUCRATIC DELAY IN GETTING THE WRITTEN APPROVAL REQUIRED FOR EACH LICENSE FROM THE MINISTRY OF FINANCE.

2. GIVEN THE ABOVE, INVESTORS CAN COUNT ON DELAY OF TEN DAYS TO THREE WEEKS IN GETTING FUNDS TRANSFERRED FROM DAHOMEY TO THE US. MOST OF THIS DELAY IS DUE TO NORMAL MAIL COMMUNICATION, AND THIS PERIOD CAN BE CUT SHORTER IF THE INVESTOR USES TELEX

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COMMUNICATION. DELAYS WOULD BE TWO TO THREE WEEKS FOR NON-

RESIDENT PRIVATE INDIVIDUALS MAKING A ONE-SHOT TRANSFER OF FUNDS.

3. SITUATION DESCRIBED ABOVE MIGHT CHANGE RADICALLY IN COMING
MONTHS IF DAHOMEAN GOVERNMENT FINALLY GETS AROUND TO ACTING UPON
ITS DECISION TO TAKE SHARES IN REMAINING PRIVATE BANKS FIRST
ANNOUNCED LAST DECEMBER. WE WILL REPORT IMPACT ON CURRENCY CON-

VERSION OF ANY FUTURE DEVELOPMENTS.
ENGLE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, FOREIGN EXCHANGE RATES, CURRENCY CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975COTONO00541
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750141-0263
From: COTONOU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750426/aaaaaxri.tel
Line Count: 70
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 067044
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 22 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 AUG 2003 by CunninFX>; APPROVED <09 DEC 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DELAYS IN CURRENCY CONVERSION
TAGS: EINV, DM, IV
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006